



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
 GENERAL SOLANO STREET, SAN MIGUEL, MANILA

CORPORATE OPERATING BUDGET

Fiscal Year 2020

TO: NATIONAL DEVELOPMENT COMPANY (NDC)

Your Corporate Operating Budget (COB) for Fiscal Year 2020 per approved NDC Corporate Secretary's Certificate dated November 10, 2020, submitted pursuant to Section 6 of Executive Order (E.O.) No. 518, series of 1979 and Section 19, Chapter 3, Book VI, E.O. No. 292, series of 1987, is hereby approved for a total of **SEVEN HUNDRED NINETY-SIX MILLION NINE HUNDRED SEVENTY-FOUR THOUSAND PESOS ONLY (P796,974,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES	P 802,310,000	P 802,310,000	P -
Corporate Funds			
Corporate Income	257,496,000	257,496,000	
Beginning Cash Balance	544,814,000	544,814,000	
TOTAL USES	P 802,310,000	P 796,974,000	P (5,336,000)
Personnel Services (PS)	38,316,000	36,368,000	(1,948,000) a/
Maintenance and Other Operating Expenses (MOOE)	527,311,000	523,923,000	(3,388,000) b/
Operating/Other Expenditures	126,016,000 c/	122,628,000	(3,388,000)
Provision of Income Tax/Value-Added Tax/ Withholding Tax/Capital Gains Tax	65,012,000	65,012,000	-
Debt Servicing/Loan Repayment	116,283,000	116,283,000	-
Dividend Payment to National Government (NG)	220,000,000	220,000,000	-
Capital Outlays (CO)	236,683,000	236,683,000	d/ -
Excess/Shortfall	P -	P 5,336,000	P 5,336,000

Footnotes:

a/ The variance of P1,948,000 for PS refers to:

1. Overprovision of the following PS items:

Salaries, Permanent	P 357,000
Year-end Bonus	310,000
Cash Gift	25,000
Representation and Transportation Allowances (RATA)	372,000
Special Counsel Allowance	125,000
Productivity Enhancement Incentive	25,000
Retirement and Life Insurance Premium	43,000
PhilHealth Contributions	16,000
Sub-total	1,273,000

2. Disallowance of Collective Negotiation Agreement Incentive

675,000

Chargeable against allowable MOOE savings.

Total

P 1,948,000

b/ The variance of P3,388,000 for MOOE refers to excess computation for non-core function items which were computed based on the highest audited/actual expenses in FYs 2018 and 2019 plus inflation rate, or proposed level whichever is lower:

Supplies and Materials Expenses	P 336,000
Water, Illumination and Power Service	85,000
Travelling Expenses	1,299,000
Membership Dues and Contributions to Organizations	469,000
Advertising/Publications/Promotional Expenses	191,000
Board Meeting Expenses	90,000
Athletic Activities	54,000
Training and Personnel Development Expenses	366,000
Extraordinary and Miscellaneous Expenses	150,000
Other Miscellaneous Expense	348,000
Total	P 3,388,000

c/ Includes P16,639,000 accrued operating expenses incurred in 2019 and to be paid in 2020.

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d/ Recommended CO level pertains to the following items:

Investments Outlay	P	192,994,000
Building and Structures Outlay		38,036,000
Office Equipment, Furniture and Fixtures		2,353,000
Transportation Equipment		3,300,000 *
Total	P	236,683,000

* For the acquisition cost of two (2) units of motor vehicles which is computed consistent with the existing DBM guidelines and the vehicle classification as provided under the Budget Circular No. 2019-2 dated March 4, 2019 and Annex B of the DBM Budget Circular No. 2017-1 dated April 26, 2017. Attached is **APMV No. C-20-0058**, authorizing the NDC to procure the motor vehicles within the current year.

Notwithstanding the above-indicated variances in PS and MOOE, the NDC has the flexibility to modify its utilization within the DBM-approved budget level for items funded out of corporate funds.

Further, the following conditions shall be observed and complied with:

1. All expenditures, whether for current operating expenditures or COs, shall be made within the limits of available funds realized from corporate receipts, authorized corporate borrowings and NG budgetary support either in the form of subsidy, equity or loans outlay.
2. Any increase in the approved principal COB in the course of the budget year, as may be warranted by additional corporate receipts, shall require the submission of a supplemental COB to cover the additional expenditures.
3. This approval shall not be construed as an authorization for specific expenditure items under PS which requires prior approval by the Office of the President (OP). Disbursement for PS shall strictly observe pertinent compensation laws, rules and regulations, including Executive Order (EO) Nos. 7 and 24 dated September 8, 2010 and February 10, 2011, respectively and EO No. 203 as amended by EO No. 36 (Suspending the Compensation and Position Classification System under EO No. 203, providing for Interim Compensation Adjustments, and for Other Purposes) for Government-Owned or-Controlled Corporations (GOCCs) covered by Republic Act (RA) No. 10149. Such expenditures shall be subject to relevant conditions under the General Provisions of the annual (GAA) or any specific law or approval of the President of the Philippines and/or Secretary of Budget and Management or the Governance Commission for GOCCs, as the case may be.
4. Disbursements for extraordinary and miscellaneous expenses and other MOOE expenditures shall be subject to relevant provision of the annual GAA, among others.
5. Equipment outlays included in the Annual Procurement Program that require specific clearance/approval from the Agencies concerned (e.g., Department of Information and Communications Technology for procurement of information and communication technology equipment covered by the GOCC's Information System Strategic Plan shall be secured prior to the acquisition thereof. On the other hand, the conditions on the acquisition of MVs are indicated on the attached APMV No. C-20-0058.
6. Electronic payment shall be observed in the disbursement of corporate and public funds. In case the same is impracticable, the GOCC shall be allowed to continue with the existing payment scheme.
7. Notwithstanding the repeal of AO No. 103, existing laws, rules and regulations mandating the judicious and prudent use of government funds shall be observed. No irregular, unnecessary, extravagant, excessive and unconscionable expenses shall be incurred pursuant to AO No. 6 dated September 19, 2017.
8. It is understood that this review action does not authorize any item of expenditure that is prohibited by or inconsistent with the provisions of law.
9. Any and all officials or employees who will authorize, allow or permit, as well as those who are negligent in the performance of their duties and functions which resulted in the incurrence or payment of unauthorized and unlawful obligation or expenditure shall be personally liable to the government for the full amount committed or expended and subject to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of EO 292.

Recommending Approval:


CARMENCITA P. MAHINAY
Director, BMB-C

Date: December 1, 2020

Approved:

By Authority of the Secretary


TINA ROSE MARIE L. CANDA
Undersecretary

COB No. C4-20-0035

Date: _____

cc: The Chairman
Board of Directors, NDC

The Assistant Commissioner, Corporate Sector
Commission on Audit (COA) - Central Office
COA Building, Quezon City

The Resident Auditor
COA - NDC